

Drivers IV: demography and the great wealth transfer

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Demography is one of the most predictable drivers of wealth management. In Switzerland and in the European countries from which Swiss banks draw many of their clients, a large share of private wealth is held by people over sixty. Over the coming two decades, this wealth will pass to the next generation by inheritance and lifetime gifts, a process that industry studies describe as the great wealth transfer.¹ For banks, the transfer is both an opportunity and a risk. Heirs often change their bank after an inheritance, particularly when they live in another country or have different expectations of digital service, sustainability and transparency.

The heirs of 2035 will differ from their parents in several respects. Many will live in a different country from the one in which the family wealth was accumulated. They will expect digital access and fast service, while many will want their investments to reflect their values. A considerable share will be women, who have often been underserved by the traditional advisory model. Part E, Chapter V described the instruments of wealth planning that Swiss and Basel advisers use to organise such transfers, including foundations, trusts and life insurance.² Banks that manage the transition well will gain clients for a generation, while those that fail will lose them.

Swiss tax policy forms part of this driver. A popular initiative launched by the youth organisation of the Social Democratic Party proposed a federal tax of fifty per cent on inheritances above a high threshold. Part E, Chapter V described the debate it caused among wealthy families and their advisers.³ Whatever the result of the vote, the debate showed that the tax treatment of large fortunes remains politically contested in Switzerland. Wealthy families weigh such risks when they choose where to live and where to book their assets.

1 Notes

1. On the intergenerational transfer of wealth in Switzerland (annual volume of inheritances estimated at a high double-digit billion franc amount) and internationally, see the studies of the University of Bern and of the Swiss Federal Statistical Office as well as consultancy reports on the "great wealth transfer". Figures to be verified. ↩
2. On wealth planning, trusts, foundations and succession planning from Basel, see Part E, Chapter V. To be verified. ↩
3. On the federal popular initiative "For a social climate policy – fairly financed through taxation (Initiative for a Future)" (JUSO initiative, inheritance and gift tax of 50 per cent above CHF 50 million) and the vote scheduled for 30 November 2025, see Part E, Chapter V, and the Federal Chancellery. Outcome and status to be verified. ↩

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